
Councilmember David A. Catania

Councilmember Sharon Ambrose

Councilmember Carol Schwartz

Councilmember Sandra Allen

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

Councilmembers David A. Catania, Sharon Ambrose, Carol Schwartz and Sandra Allen introduced the following bill, which was referred to the Committee on_____.

To establish Opportunity Accounts for residents of the District of Columbia to provide incentives for low-income families and individuals to accrue assets for education, housing, retirement, and medical purposes.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this bill may be cited as the "Opportunity Account Act of 1999".

Sec. 2. Definitions.

(a). "Opportunity Account" means a savings account opened and maintained at a financial institution by a saver participating in the District of Columbia's Opportunity Account program for the restricted purpose of providing funds for an eligible use.

(b) "Financial Institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(c) "Eligible Use" means Education, Purchase of a home, Retirement, and/or Medical Emergency.

(1) "Education" means a post-secondary program of instruction provided by a college, university, community college, area vocational-technical school, professional institution or specialized degree granting college or school legally authorized to grant degrees. It shall also include a job training or related educational program approved by the District of Columbia's Department of Employment Services. The term shall not include a school of theology.

(2) "Purchase of a home" means the costs of acquiring, constructing, or reconstructing a principal residence, including any usual or reasonable settlement, financing or other closing costs.

(3) "Retirement" means reaching the age at which a person is eligible for Social Security benefits.

(4) "Medical Emergency" means a debilitating or life threatening illness.

(d) "Saver" means an individual or family who resides in the District of Columbia and whose annual income at the time of enrollment is not more than 200% of the Federal poverty guideline.

(e) "Matching funds" means an amount equal to 50%, up to \$500 per year, of the amount deposited into an Opportunity Account by a saver during a five-year period, with a lifetime limit of \$2,500.

Sec. 3. Application. A saver must have income at or below 200% of the Federal poverty guideline and assets of \$25,000 or less to apply for an Opportunity Account. An individual who is a dependent of another person for income tax purposes shall not be an eligible saver. An individual who is a debtor for a judgment resulting from nonpayment of a court-ordered child

support obligation shall not be an eligible saver.

Sec. 4. Continued participation. A saver whose income is at or below 200% of the federal poverty guideline at the beginning of the calendar year may continue to make deposits to the Opportunity Account. Once a saver's income exceeds 200% of the federal poverty guideline, a saver will be ineligible to make deposits or receive matching funds in the next calendar year.

Sec. 5. Agreement. Each saver shall sign an Opportunity Account Agreement that includes the amount of scheduled deposits into the Opportunity Account during the five-year period, the amount of the savings goal, and the proposed eligible use of the Opportunity Account and the matching funds.

Sec. 6. Deposits. A saver shall only deposit money that is derived from household earned income or from state or federal income tax credits.

Sec. 7. Eligibility for match. A saver shall fulfill the requirements of the plan for a minimum of one year, but not more than five years. The funds in the Opportunity Account shall be used for the eligible use within five years of the last year in which deposits are made, and in the case of retirement, within five years of meeting the age requirement.

Sec. 8. Withdrawal. Matching funds will be provided upon satisfactory evidence that the amount being withdrawn from the Opportunity Account is being used for an eligible use. Withdrawals from an Opportunity Account for an eligible use shall be made payable to the legal entity providing the eligible use. Matching funds shall be paid to the same legal entity. Funds saved for retirement shall be paid directly to the saver.

Sec. 9. Termination. A saver who decides to withdraw deposits made to an Opportunity Account for a use other than an eligible use shall terminate the Opportunity Account agreement and upon such termination, shall be entitled to withdraw the funds. However, the saver shall forfeit all matching funds and corresponding interest.

Sec. 10. The Department of Community and Economic Development shall develop rules and regulations for the operation of the program, including standards for Opportunity Account Agreements, reporting requirements and the payment of administrative costs.

Sec. 11. The Department of Community and Economic Development shall make matching funds available from funds appropriated for this purpose and shall ensure payment of the maximum matching funds required during the five-year period for all Opportunity Account Agreements.

Sec. 12. Fiscal Impact Statement.

Sec. 13. This act shall take effect following approval by the Mayor (or in the event veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-2033(c)(1)), and publication in the District of Columbia Register.